
Department of Public Health and Environment

Introduction

The Department of Public Health and Environment is authorized by Section 24-1-119(1), C.R.S. The Department is responsible for monitoring environmental quality, ensuring the quality of health services, and maintaining health data for the State. The mission statement states that the Department is “dedicated to protecting and improving the health and environment of the people of Colorado.” The Department is organized into 12 major divisions:

- Health Facilities
- Emergency Medical Services and Prevention
- Disease Control and Environmental Epidemiology
- Family and Community Health Services
- Health Statistics and Vital Records
- Air Pollution Control
- Water Quality Control
- Hazardous Materials and Waste Management
- Consumer Protection
- Laboratory and Radiation Services
- Administrative Services
- Information Technology Services

For Fiscal Year 1998 the Department had an operating budget totaling in excess of \$210 million. The Department was appropriated 1,082 full-time-equivalent staff (FTE) for Fiscal Year 1998.

The following comment was prepared by the public accounting firm of Johnson, Holscher & Company, P.C., who performed audit work at the Department of Public Health and Environment.

Expand Monitoring of Subrecipients

During Fiscal Year 1998 the Department expended \$142.5 million for over 70 federal programs. The Department is required by federal guidelines to monitor subrecipients of federal awards passed through the Department. As part of our audit we reviewed

the Department's monitoring process. Part of the monitoring process by the Department is to require audits of subrecipients who spend at least \$300,000 in federal awards. We found that not all subrecipients requiring an audit may have been identified for two federal programs. The programs are the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Immunization Grants (vaccines). We found that the Department is not including non-cash awards for these two programs as pass-through expenditures on the State's Schedule of Expenditures of Federal Awards. Instead, the Department has been including the assistance as direct expenditures. Proper classification is important for properly identifying subrecipients.

Since the money has not been identified as going to subrecipients in previous years, the Department may not have identified subrecipients that should have been included in the monitoring process. Therefore, non-cash federal expenditures may not have been properly audited as required under federal guidelines.

The WIC program provides supplemental nutrition needs to low-income women, infants, and children. The Department provides food vouchers to local health departments and nonprofit agencies throughout the State. These agencies then distribute the vouchers to eligible participants; for example, women meeting the qualifications for the program. The eligible participants then use the vouchers to purchase goods from local grocery stores. The stores are reimbursed by the State, and the State is reimbursed by the federal government. Although the local health departments and nonprofit agencies do not obtain money directly, they are considered subrecipients because they determine eligibility of the participants and administer the program. Expenditures for the WIC program during Fiscal Year 1998 were over \$40 million.

The vaccine program assists the State in establishing and maintaining preventive health services to individuals in order to prevent disease. The Department provides vaccines to local health departments and private practitioners who provide vaccines to the public. These entities then administer the vaccines to individuals who qualify for the program. Eligibility is determined by the local health departments and practitioners. Therefore, these entities are considered subrecipients. Expenditures for this program were over \$7.5 million for Fiscal Year 1998.

Recommendation No. 16:

The Department of Public Health and Environment should continue to improve its system of monitoring to determine that all subrecipients requiring audits are identified.

In addition, funds need to be properly classified on the Schedule of Expenditures of Federal Awards.

Department of Public Health and Environment Response:

Agree. The Department has revised its Fiscal Year 1998 Schedule of Federal Assistance to identify this non-cash assistance as pass-through expenditures. In addition, beginning in March 1999, we will begin reporting non-cash assistance for the food vouchers and vaccine programs to the subrecipients who received it. The Department believes that the majority of these subrecipients are already required to submit an audit under the requirements of OMB Circular A-133 and, therefore, have been properly audited. In addition, the Department performs extensive on-site monitoring of all subrecipients of food vouchers, under the administrative requirements of the federal Department of Agriculture, who administers the Women, Infants, and Children program. The Department also performs on-site monitoring of local health departments and private providers to ensure that the vaccines were provided to eligible patients only.
